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2025 Asia Pacific Financial Services Tax Conference

Emerging trends in the financial services industry

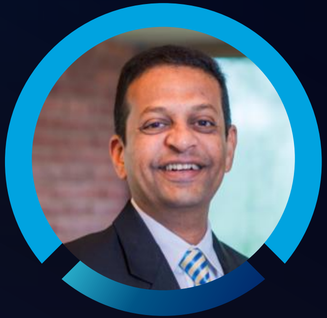
MAKING AN IMPACT THAT MATTERS since 1845

Speakers

Matthew Lovatt
Tax Partner
Deloitte Singapore

Chen Siew-Kee
Tax Partner
Deloitte Australia

Anthony Lau
Tax Partner
Deloitte Hong Kong



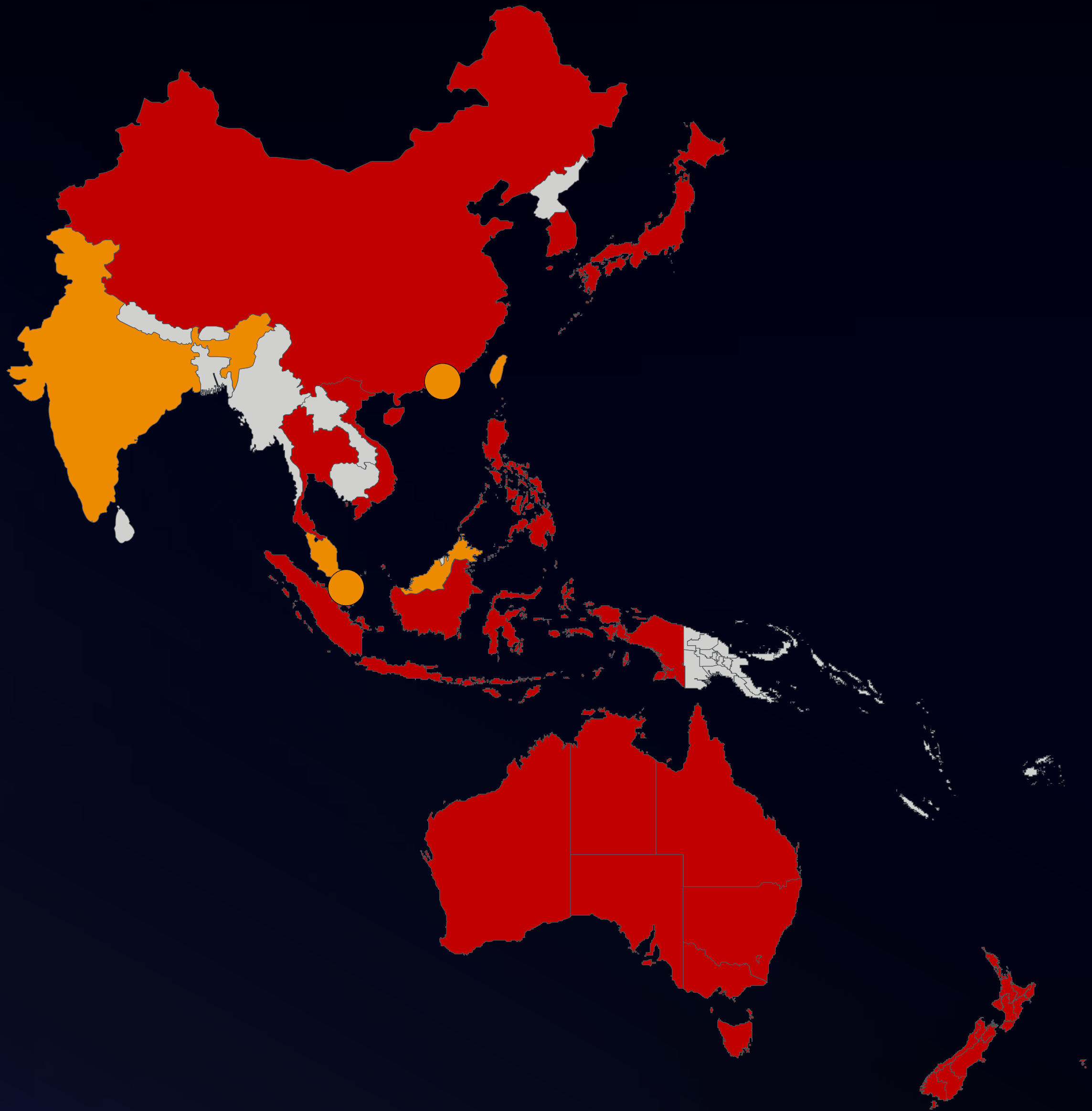
Hemal Mehta
Tax Partner
Deloitte India

Dionisius Damijanto
Tax Partner
Deloitte Indonesia

APAC regional overview

Tax audit environment

	Activity	Trend	Focal points
Australia	High	↑	Combined Assurance Reviews, TP, FATCA/CRS, tax governance, interest WHT, MITs.
China	High	↑	Digitalisation, Incentives, deductibility, treaty eligibility, VAT.
Hong Kong	Medium	–	Offshore claims, TP, deductibility, CRS.
India	Medium	–	TP, transaction reporting, digitalisation, deductibility, tax treaty eligibility, WHT, GST.
Indonesia	High	↑	TP, FS industry issues, all taxes
Japan	High	–	TP, JCT, international transactions.
Malaysia	Medium	–	Deductibility, WHT, TP.
New Zealand	High	↑	Governance, TP, GST (FS).
Philippines	High	↑	WHT, deductibility.
Singapore	Medium	↑	TP, deductibility.
South Korea	High	–	TP, BO, deductibility, invoicing.
Taiwan	Medium	–	TP, deductibility.
Thailand	Medium	–	TP (benefit, cost verification), restructuring.
Vietnam	High	↑	TP, incentives, deductibility, invoicing.



Current Pillar 2 implementation status across APAC—Overview

	IRR	UTPR	QDMTT
Australia	In force 01/01/2024	In force 01/01/2025	In force 01/01/2024
China	TBC	TBC	TBC
Hong Kong	In progress [01/01/2025]	TBC	In progress [01/01/2025]
India	TBC	TBC	TBC
Indonesia	In force 01/01/2025	In force 01/01/2026	In force 01/01/2025
Japan	In force 01/01/2024	In progress [01/01/2026]	In progress [01/01/2026]
Malaysia	In force 01/01/2025	TBC	In force 01/01/2025

	IRR	UTPR	QDMTT
New Zealand	In force 01/01/2025	In force 01/01/2025	In force 01/01/2026
Philippines	TBC	TBC	TBC
Singapore	In force 01/01/2025	TBC	In force 01/01/2025
South Korea	In force 01/01/2024	In force 01/01/2025	TBC
Taiwan	TBC	TBC	TBC
Thailand	In force 01/01/2025	In force 01/01/2025	In force 01/01/2025
Vietnam	In force 01/01/2024	TBC	In force 01/01/2024

Current Pillar 2 implementation status across APAC—IIR

	Income Inclusion Rule
Australia	In force 01/01/2024
China	TBC
Hong Kong	In progress [01/01/2025]
India	TBC
Indonesia	In force 01/01/2025
Japan	In force 01/01/2024
Malaysia	In force 01/01/2025
New Zealand	In force 01/01/2025
Philippines	TBC
Singapore	In force 01/01/2025
South Korea	In force 01/01/2024
Taiwan	TBC
Thailand	In force 01/01/2025
Vietnam	In force 01/01/2024

Current Pillar 2 implementation status across APAC—QDMTT

	Income Inclusion Rule
Australia	In force 01/01/2024
China	TBC
Hong Kong	In progress [01/01/2025]
India	TBC
Indonesia	In force 01/01/2025
Japan	In progress [01/01/2026]
Malaysia	In force 01/01/2025
New Zealand	In force 01/01/2026
Philippines	TBC
Singapore	In force 01/01/2025
South Korea	TBC
Taiwan	TBC
Thailand	In force 01/01/2025
Vietnam	In force 01/01/2024

Current Pillar 2 implementation status across APAC—UTPR

	Under-Taxed Payments Rule
Australia	In force 01/01/2025
China	TBC
Hong Kong	TBC
India	TBC
Indonesia	In force 01/01/2026
Japan	In progress [01/01/2026]
Malaysia	TBC
New Zealand	In force 01/01/2025
Philippines	TBC
Singapore	TBC
South Korea	In force 01/01/2025
Taiwan	TBC
Thailand	In force 01/01/2025
Vietnam	TBC

Australia

Australia—Country tax update for the financial services industry

01

OBSERVATIONS

- Election year
- Australian superannuation
  — $4 trillion
  — 2nd largest globally by 2030s
- Australia as a net capital exporter & impact on policy
- Foreign residents to be banned from purchasing residential property

02

LATEST TAX DEVELOPMENTS

- New debt deduction rules
- Foreign resident capital gains withholding
  — Now 15%
  — Minimum threshold removed
- Increased Tax Transparency
  — New international tax disclosures
  — Public CbCR
- Build-to-rent (15% MIT tax rate)

03

TAX AUTHORITY ACTIVITY

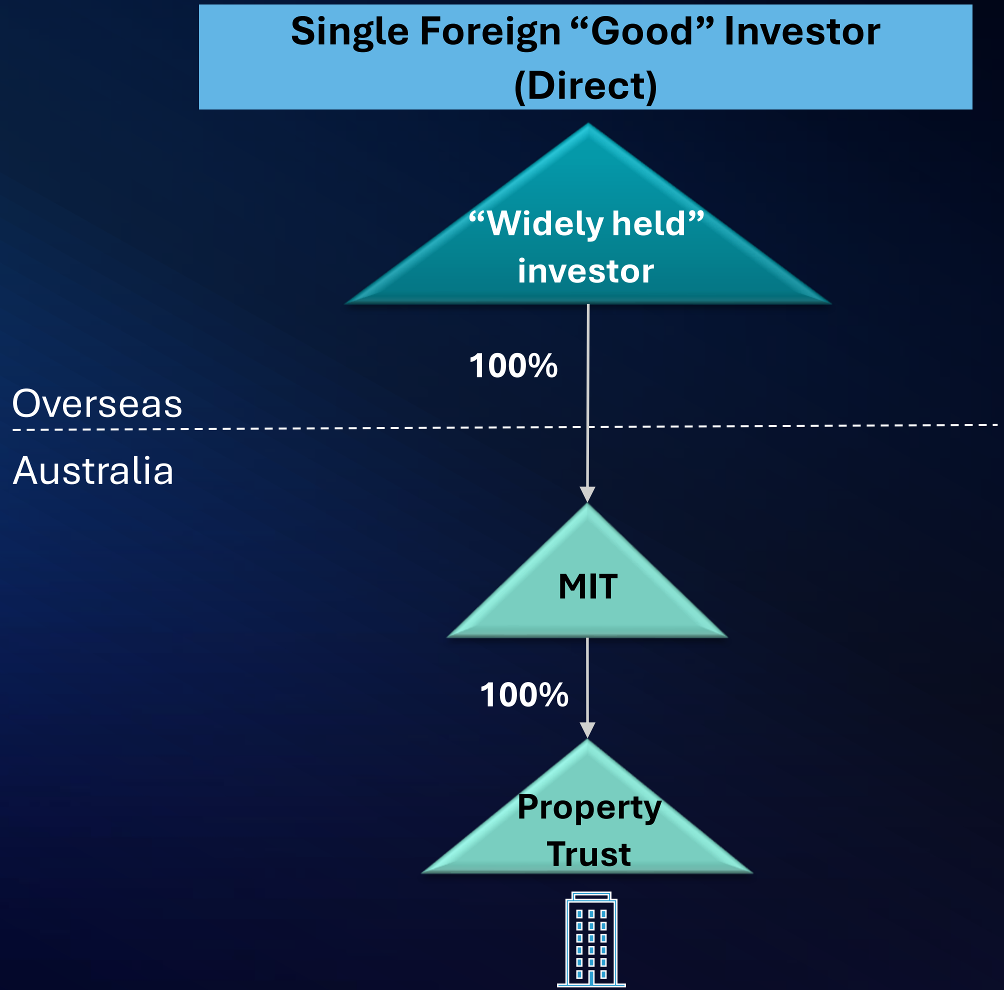
- MITs wholly by a single foreign "good" investor: Taxpayer Alert 2025/1 (issued on 7 March 2025) (c.f. Government announcement on 13 March 2025)
- Section 128F debt
- Divestments
- Largest taxpayers
- Tax governance & third party data

04

PROPOSED TAX LAW CHANGES

- Proposed expansion of the capital gains tax regime for non-residents
- MIT changes (Government announcement on 13 March 2025)

Australian Taxation Office *Taxpayer Alert 2025/1* (released on 7 March 2025)

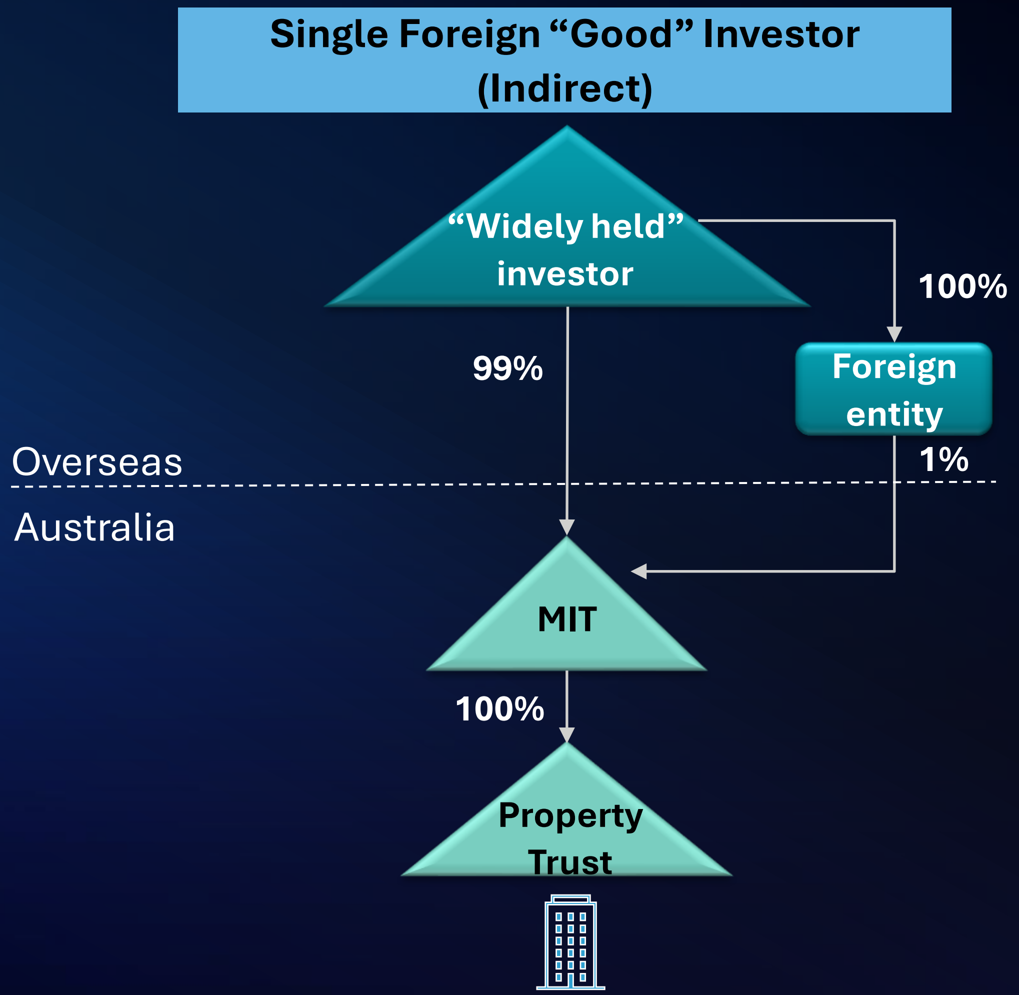


- Restructures (pre-sale) to access MIT 15% withholding tax rate

- Unit trust directly owned by a single unitholder:
  - Not a "*Managed Investment Scheme*" as defined in the *Corporations Act 2001*
  - Thus, not a MIT for tax purposes

- After 7 March 2025
  - New MIT structures
  - Existing MIT structures (with material new investment or ownership changes)

Australian Taxation Office *Taxpayer Alert 2025/1* (released on 7 March 2025)



- ATO concerned with a MIT indirectly wholly owned by a single foreign "eligible widely held investor"

- After 7 March 2025
  - New MIT structures
  - Existing MIT structures (with material new investment or ownership changes)

Government Media Release: 13 March 2025
"…trusts ultimately owned by a single foreign widely held investor (e.g., a foreign pension fund) are able to access the MIT concessions"

China

China—Country update

General outlook

- 2024 is marked as a year of intensive tax investigation with various forms of tax audits, tax inspections, self-inspections, tax alerts in new e-tax system.
- Digitalised E-invoice were widely adopted and new e-tax bureau was launched, enabling 90%+ pf tax related matters to be handled on-line and reducing in-person visits
- VAT law was passed in 2025 with effective from 01/01/2026, expecting detailed implementation rules to address the concerned industry issues.

Audit trends and focus

- Common-issues on domestic and foreign invested financials banks & insurers & investment banks:
  - **Income Recognition Timing**: proper timing to recognise income for CIT/VAT purposes, particularly service fees, commission fees, and interest income.
  - **Expense Deduction**: whether costs/expenses related to income-generating activities; if expenses have actually been incurred or accrued.
  - **VAT Exemption on Intra-Financial Institution Lending/Borrowing**: whether counterparties qualify as “financial institutions”.
  - **Tax Incentive Eligibility**: R&D super-deduction and VAT/EIT exemptions on treasury bonds.
  - **Input VAT Transfer-Out on Tax-Exempt Income**:
- Issues related to inbound financial institutions:
  - Overhead charge/service charged by overseas related companies.
  - Treaty benefit application with attention to the BO of interest and dividend payments.

China—Country update

Current Industry Issues—Tax Audits and Disputable issues

Banking

- VAT on investing into different financial products—interest income/trading gain& loss/ or not subject to VAT
- VAT exemption on interest on intra-FIs lending/borrowing—whether the Counterparties are qualified “Financial institutions”.
- **Account and Tax difference:**
  - **Write-off loan**
  - **Valuation reserve**
- Withholding VAT and EIT on overseas payments to related parties and third parties

Insurance

- VAT on investing into different financial products—interest income/trading gain& loss/ or not subject to VAT
- VAT exemption on interest on intra-FIs lending/borrowing—whether the Counterparties are qualified “Financial institutions”.
- **CIT Income recognition: picking up income from partnership**
- **Account and Tax difference:**
  - **Insurance reserve**
  - **Commission fee**
- Withholding VAT and EIT on overseas payments to related parties and third parties

Investment Management

- VAT on investing into different financial products—interest income/trading gain& loss/or not subject to VAT
- **Timing of revenue recognition for EIT and VAT purpose: management fee and carry**
- **TP issue on management fee split between related companies**
- Withholding VAT and EIT on overseas payments to related parties and third parties

Hong Kong

Hong Kong—Key tax updates

Re-domiciliation

- Trend for “onshorisation” of traditional BVI/Cayman holding/financing structure
- Legislative framework for “re-domiciliation” subject to readings in Legislative Council.

Proposed enhancements to preferential tax regimes for asset management industry:

- Unified Funds Exemption (UFE)
- Tax concession for carried interest

Family offices and high-net worth individuals:

- Proposed enhancements to tax concession regime for SFO which mirror the enhancements to UFE
- Capital Investment Entrant Scheme (CIES)

India

India—Emerging trends in the financial services industry

01

IFSC—GIFT City: Key Tax reforms

1. ODIs/P-Notes: Non-bank entities permitted to issue ODIs/P-notes from GIFT City. Additionally, NRs to be treated as tax exempt on income earned on ODIs/P-Notes issued by FPIs located in GIFT City.
2. Sunset clauses: for setting-up of units in GIFT City extended to 31 Mar 2030 for:
   - Investment division of International Banking Units
   - India-based Fund Managers
   - Relocation of offshore funds and their investors
   - Relocation of Foreign Retail Funds and Foreign ETFs
3. Group Treasury companies: Exempted from applicability of thin-capitalisation rules and deemed dividend provisions.

02

Foreign Bank and Foreign Reinsurance Companies:

1. Foreign Company Corporate Tax rate: reduced from 40% to 35%.
2. Liaison Offices: New Form 49C prescribed, which calls for additional reporting requirements + new penalty provision prescribed for non-filing of the form

03

Simplified Capital Gain Tax (CGT) reforms:

1. CGT rate on listed equity shares, equity-oriented mutual funds, and units of REITs/InVITs increased as follows:
   - LTCG tax rate from 10% to 12.5%
   - STCG tax rate from 15% to 20%
2. The exemption threshold for LTCGs is increased from INR 100,000 to INR 125,000.
3. Withdrawal of indexation benefit on long-term capital gains arising on transfer of assets.
4. Deemed STCGs treatments for investments in unlisted debt securities and Specified Mutual Funds.

04

Others Key Tax and Regulatory reforms:

1. Insurance Sector: FDI increased from 74% to 100%.
2. New Income-tax Bill, 2025: Simplified law with no substantive changes in law.
3. CBDT Circular No. 1/2025: provides clarity on application of Principal Purpose Test (PPT) for tax treaties.
4. SWF/FPFs tax reforms.
5. Domestic Cat-1 and Cat-2 AIFs regulated by SEBI or IFSCA to enjoy deemed CGT treatment.

Indonesia

Indonesia—Key tax updates

Financial Services

Tax Audit Program
- Full , Focused, Specific Tax Audit (1-9mo)
- Data provision max (1 mo)
- Preliminary Findings Discussion (1 mo)
- Finalization process (1 mo) incl response period of 5 days

Value Added Tax
- VAT rate has been increased to 12%.
- The special VAT imposition base is eleven-twelfths (11/12) of the import value, selling-price, or compensation value thus the effective VAT rate is 11% for non-luxury goods.

Banks
- New loan loss provision per fiscal has been introduced under the MoF decree No. 74 Year 2024 where the calculation uses three stages as opposed to five classes (whichever is lower).
- Possibility of significant DTA adjustment.
- It is expected the industry will be at a loss tax position.

Insurance
- Circular Letter No. ND-12 excludes investment unit link product from insurance product hence the premium reserve is NDE while premium income is taxable.
- No guidance on the tax treatment of IFRS 17, hence Life Insurance Companies need to prepare two versions of financial statement (existing is for the tax return purposes).

Speakers

Matthew Lovatt
Tax Partner
Deloitte Singapore

Ronald Bernas
Tax Partner
Deloitte Philippines

Joyce Khoo
Tax Director
Deloitte Singapore

Cheli Liaw
Tax Partner
Deloitte Taiwan

Vorasa Palsingh
Tax Director
Deloitte Thailand

An Vo Hiep Van
Tax Partner
Deloitte Vietnam

Malaysia

Malaysia—Capital Gains Tax (CGT) and Foreign Sourced Income (FSI)

01

Gains on Restructuring of Companies Scheme

Exemption Period: 1 Mar 24 to 31 Dec 28

Details: The Minister exempts a company, limited liability partnership, trust body or co-operative society from the payment of income tax on gains from the disposal of unlisted shares to a Malaysian resident acquirer company as part of an internal restructuring scheme.

02

Gains on Initial Public Offering (IPO)

Exemption Period: 1 Mar 24 to 31 Dec 28

Details: The Minister exempts a company, limited liability partnership, trust body or co-operative society from the payment of income tax on gains from the disposal of unlisted shares in connection with an IPO.

03

Gains on Disposal of Foreign Capital Assets

Exemption Period: 1 Jan 24 to 31 Dec 26

Details: Gains or profits from the disposal of foreign capital assets received in Malaysia by companies, limited liability partnerships, trust bodies, and co-operative societies resident in Malaysia that are in compliance with the economic substance requirements (ESR), are given exemption from CGT.

04

Unit Trust (UT) Exemptions

<u>Unlisted Shares and Section 15C Shares</u>

Exemption Period: 1 Jan 24 to 31 Dec 28

Details: Gains from the disposal of unlisted shares in Malaysian-incorporated companies and shares under Section 15C of the Income Tax Act, 1967 are exempted from CGT, excluding REITs & Property Trust Funds listed on Bursa Malaysia.

<u>Foreign-Sourced Income</u>

Exemption Period: 1 Jan 24 to 31 Dec 26

Details: Any foreign-source income received in Malaysia by qualifying unit trusts is exempted from income tax, excluding REITs & Property Trust Funds listed on Bursa Malaysia.

Philippines

Philippines—Key tax developments

Cross-Border Services (RMC 5-2024) — Jan 1, 2024
This regulation clarifies the tax treatment of certain cross-border services. In multi-jurisdictional transactions, if a stage occurring in the Philippines is integral thereto, income is considered Philippine-sourced, hence subject to tax.

Ease of Paying Taxes Act (R.A. 11976) — Jan 22, 2024
This law streamlined administrative procedures to encourage timely tax payments and tax compliance, with notable changes on the country's VAT system.

Digital Service Act (R.A. No. 12023) — Oct 2, 2024
Services of bank, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries, including those rendered through different digital platforms are exempt from the 12% VAT imposed on digital services.

CREATE MORE Act (R.A. No. 12066) — Nov 11, 2024
This law provides for expanded tax incentives to both local and foreign businesses to entice more foreign investments, such as the reduction of corporate income tax rates, enhanced deductions regimes, and better VAT incentives for registered business enterprises.

Moratorium lift on digital banks registration — Jan 1, 2025
The Bangko Sentral ng Pilipinas (BSP) lifted the 3-year moratorium on the establishment of 4 new digital banks and conversions of existing bank licenses to digital ones, effective 1 January 2025.

2025 tax audit environment — Jan 2025
The BIR has adopted a more aggressive strategy in their tax audit activity in line with its various administrative reforms and digital innovations. Recently, the BIR has been more active in conducting tax mapping activities and simultaneous audits.

Singapore

Singapore—Key tax updates

01 Additional 15 % tier for FSI Scheme

i. Additional CTR tier of 15% starting 19 February 2025 for the FSI-Standard Tier, FSI-Trustee Company and FSI-Headquarter Services schemes.
(Current tiers are 10% or 13.5%)

ii. Similar tier (15%) also introduced for BD, IBD-CI and IBD-IBB schemes (Current tier is 10%)

02 Enhancement of Section 13W Safe Harbour

i. To include preference shares accounted as equity (based on accounting principles)

ii. Relaxation of shareholding threshold to be done on a group level

03 Deduction for employee equity based remuneration (EEBR) schemes

i. Express allowance of tax deduction on payments to holding company/SPV for issuance of new shares of holding company to employees under an EEBR

ii. Changes effective from YA 2026

04 Revised conditions for fund tax incentives

i. MAS Circular FDD Cir 10/2024 for non-SFO

ii. AUM requirement:

a. 13U:
SGD 50m AUM in DI *at point of application* and *each financial year end*

b. 13O & 13OA:
SGD 5m AUM in DI *at each financial year end*

Singapore—Key tax updates

05 Promotion of listing in SG

i. CIT Rebate for new corporate listings in Singapore

- Primary listings: 20% CIT rebate
- Secondary listings: 10% CIT rebate

Subject to a rebate cap of:

a. $6 million per YA (with market capitalisation of at least $1 billion; or
b. $3 million per YA (with market capitalisation of less than $1 billion)

ii. Enhanced corporate tax rate of 5% for new fund manager listings in Singapore

iii. Tax exemption on fund management fees arising from management of funds with at least 30% of AUM invested in Singapore-listed equities.

- Enhancement to existing FSI-FM incentive
- Minimum headcount and AUM requirements apply
- Does it benefit fund managers that are in scope for Pillar 2 purposes?
- Open for award until 31 Dec 2028

06 Enhancement of S-REIT Concessions

i. Expansion of scope of specified income for tax transparency treatment to include all co-location and co-working income

ii. Refinements of FSIE—REIT
   - Qualifying foreign-sourced income will include rental and ancillary income
   - Wholly-owned companies of S-REITs can be non-SG incorporated but must be SG tax resident
   - Repayment of shareholder loans and return of capital will now be recognised as qualifying modes of remittance
   - Singapore sub-trusts allowed to deduct other operational expenses against their income before passing the remaining amount to S-REITs.

South Korea

South Korea—Recent tax reform and other changes

Proposed Provisions—Passed and enacted (Effective Jan 1, 2025, unless otherwise specified)

- Extension of higher R&D tax credits for investments in national strategic technologies
- Additional tax credit of 10% will be permanently applied to incremental investment expenditures (i.e., investment amounts exceeding the previous three-year average) for national strategic technologies.
- Simplification of withholding tax procedures for exemption on government bonds for foreign investors investing through overseas investment vehicles (OIV)
- Introduction of new refund claims rule for foreign investors on domestic tax exemption for government bonds to allow direct refund claim by foreign investor
- Taxation of crypto assets further delayed

South Korea—Recent tax reform and other changes

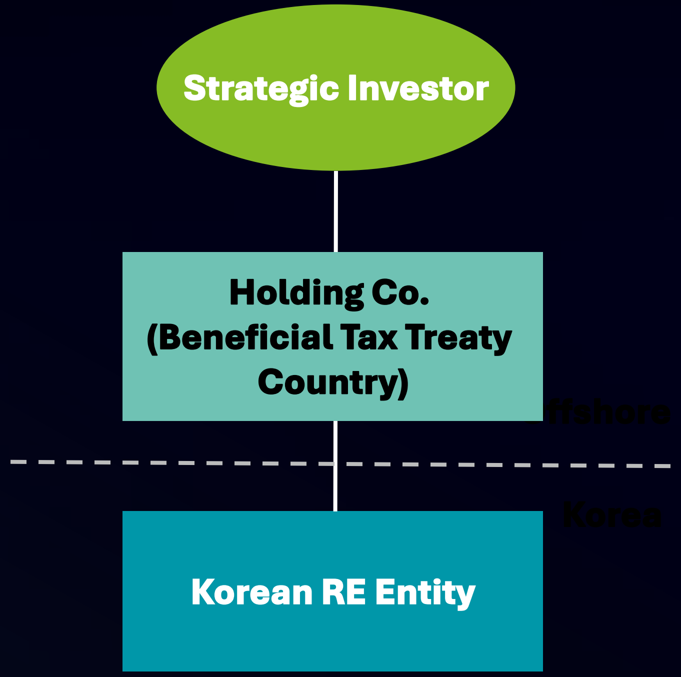
Proposed Provisions—Major items cancelled or withdrawn

Due to ongoing conflicts between the ruling party and the national assembly, 2025 tax reforms were generally limited to Pillar 2 updates and a few select items (prior slide). While normally the national assembly passes the Ministry of Finance's proposed tax law changes, they instead cancelled proposed changes and/or the executive branch withdrew proposed changes knowing they would not pass. Some items proposed by not passed include:

- Proposed tax incentives aimed at enhancing shareholder returns, including income tax credits for returns that exceeded prior average returns and separate taxation of dividends received by individuals, were cancelled
- The proposed changes to the integrated employment-related tax credit schemes have been withdrawn
- Proposed bill to amend the Inheritance and Gift Tax Law including provisions to lower highest gift tax rate from 50% to 40% and increase in credit for gifts to a child were rejected
- The removal of the current premium (20%) applied to the valuation of shares held by the largest shareholder was rejected

South Korea—Update on indirect transfer: Could it be subject to tax?

- **Indirect Transfer of Shares in Korean Investment**
  - —Korea tax law is silent on the indirect transfer issue
  - —There is only one relevant tax ruling released by the Korean tax authorities in response to a taxpayer's request with respect to the application of the substance-over-form principle to indirect share transfer cases. According to the tax ruling, an indirect transfer of shares via the sale of the shares in a foreign company could be treated as a direct sale of the shares in a Korean company subject to Korean taxation pursuant to the substance-over-form principle stipulated in the Korean tax laws, and that such determination should be made on the basis of the facts and circumstances of each transaction.
- A District Court recently made a judgment in favor of the Buyer in last December (i.e., Jeju District Court 2023 Guhap 5979, Judgment, Dec 17, 2024). The supporting grounds for such judgement are summarised as follows:
  - —The substance-over-form principle is not in opposition to the principle of taxation based on the tax law. Rather, it shall be interpreted with some flexibility within the limits that do not impair predictability and stability of tax law. Therefore, **the application of the substance-over-form principle, which significantly undermines predictability and legal stability, is not allowed**.
  - —As long as there is no explicit tax law which governs taxation of indirect share transfer, the application of substance-over-form principle **cannot be used to create new taxation** (without any tax law) by reconstructing the transactions. Therefore, a taxpayer may choose one of several legal relationships to achieve the same economic purpose, and the tax authorities should respect the legal relationship chosen by the parties unless there are special circumstances.
  - —Considering other countries' cases (e.g., China, India), in **order for a tax authority to exercise its taxing rights on the indirect share transfer, there should be explicit tax law**, etc.



Taiwan

Taiwan—Key tax updates

01

Offshore trust tax reporting for Taiwan CFC assets

- Taiwan MOF issued a new ruling in July 2024, with a retrospective effect starting from 2024, in the event that a Taiwan settlor owns its share or capital of a Taiwan CFC as trust property, a tax reporting for the trust details is required, generally by the end of January the following year.
  5 February 2025 is the first filing deadline.
- No extension is granted. But whether to waive the penalty is in discussion to encourage the reporting.

02

Tax reclaim period extended to 10 years/tax reclaims review focus

- An amendment is expected to be issued in March to extend the tax reclaim period from five years to ten years for tax treaty applications.
- For various tax claims such as articles 8 (formulaic approach) and 25 (deemed profit rate method) of the Income Tax Act, the tax authority's review has become strict and tends to exclude certain payments from tax relief.

Thailand

Thailand—Key tax updates

“One-stop authority”

New financial business law

On 4 February 2025, Deputy Finance Minister Paopoom Rojanasakul announced that the Cabinet approved the principles of the draft Act on the Financial Hub Business Operations B.E. to promote Thailand as a Financial Hub. The draft Act aims to establish a Financial Hub in Thailand with a focus on attracting foreign financial businesses, promoting investment, and developing the financial sector. The Act includes key provisions for:

- **Establishment of the Financial Hub**—Target businesses include commercial banking, gateway payment services, securities, derivatives, digital assets, insurance, and related financial services. These businesses must be located in designated areas, employ Thai workers, and primarily serve non-residents.
- **One-Stop Licensing Authority (OSA)**—A new regulatory body will be established to streamline licensing processes, set policies to promote Thailand as a Financial Hub, and oversee compliance.
- **Incentives**—Eligible businesses will receive competitive tax and non-tax benefits, such as exemptions from foreign business laws, privileges for bringing in foreign personnel, and ownership rights for business-related properties.
- **Impact and opportunities**—The Financial Hub is expected to:
  - Develop the financial system and innovation, making Thailand a regional financial center.
  - Enhance skills and knowledge transfer for Thai workers.
  - Create high-paying job opportunities.
  - Stimulate infrastructure development and business growth.

Link: https://www.thaigov.go.th/news/contents/details/93056

Thailand—SET announcement on Jump+ project

Brief background on Jump+ project

- The Stock Exchange of Thailand (SET) is preparing to propose the "Jump+ Project" to the Ministry of Finance, aiming to stimulate market growth and increase the profits of listed companies (LCs) to benefit Thailand's long-term economic growth. Key details include:
  - **Tax Benefits:** The project will propose tax exemptions on additional profits if participating companies achieve planned growth in income and profits over a 3-year period.
  - **Tax Amnesty for M&A:** Companies participating in the project that invest in or acquire companies outside the market will be eligible for retroactive tax exemptions or 'tax amnesty' to encourage mergers and acquisitions (M&A).
  - **Eligibility Criteria:** Companies must be registered on the SET or MAI have no warning marks (CB, CS, CC, CF), not face possible delisting, and must not be under SEC prosecution or have executives prosecuted by the SEC in the past year.
  - **Support for Companies:** The SET will provide support in areas such as AI technology, consulting fees, financial advisory fees, and domestic and international roadshows. However, if a company fails to meet its growth plan, the tax benefits may be revoked.
  - **Long-Term Goals:** The Jump+ project aims to be the foundation for long-term capital market stimulus measures, positioning Thailand as a "Listing Hub" that can attract regional and global companies and create a more diverse investment environment.
- The project is expected to be proposed to the Ministry of Finance, with implementation starting in May 2025. The goal is to have 50 companies join the project in its initial year, with expectations that more than 50% of listed companies will participate in the future.

Link: https://moneyandbanking.co.th/en/2025/155913/

Vietnam

Vietnam tax law reform—Key provisions for insurance companies

Draft CIT Law

(Tentatively effective 2026)

Draft CIT Law: introduces a key change by explicitly stating that expenses failing to comply with specialised laws will be non-deductible. This aims to provide clarity and ensure alignment with industry-specific regulations.

New CIT regulations will require tax authorities to prioritise **industry-specific rules** during reviews. Key focus areas include:

- Specialised inspections for bancassurance.
- Deductibility of payments to insurance agents, like incentives and commissions, that exceed thresholds or lack documentation.
- Payments to non-certified insurance agents.
- Expenses for damage management and prevention that exceed regulated limits.
- Sales returns and allowances for policy cancellations not meeting regulated procedures.

Indirect tax (draft e-invoice decree)

(Effective 2025)

Current regulations: Invoices for insurance business activities are issued based on general guidance for common services. For individual clients not requesting invoices, invoices are issued at the end of the day or month.

Draft amendment to e-invoice decree: The proposed amendment aligns the timing of invoice issuance for insurance activities with revenue recognition rules stipulated in the Law on Insurance, providing specific guidance for various scenarios to enhance clarity and consistency.

Vietnam—Government restructuring

Vietnam is undertaking significant governmental restructuring to improve administrative efficiency and reduce bureaucracy. The proposed plan aims to cut the number of ministries and agencies from 30 to 21 by consolidating certain ministries, with completion expected by the end of March 2025.

Key change

63 Provincial Tax Departments *(with 09 to 21 divisions each)*

20 Regional Tax Departments *(with 07 divisions each)*

Details of tax authority restructuring

1. Shift from functional management model to enterprise-specific management model.
2. Current management procedures (such as tax audits and refunds) will be redeveloped once regulations on the organisational structure and functions of tax authorities are issued.
3. Enterprise Management and Support Teams will play a critical role, with each officer managing a large number of businesses throughout their lifecycle (tax registration, filing, desk audits, debt management, tax refunds, and refund audits), excluding tax inspections.
4. The handling of official letters regarding tax policies and complaint resolutions will be handled more cautiously.

Potential impacts

1. **Change in direct managing tax authority;**
2. **Possible delays in upcoming tax audit and inspection;**
3. **Potential lengthier for handling rulings.**

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